

SYNOPSIS OF THE APRIL 23, 2018 DEPOSITION OF SCOTT MARTINSON

The following is a brief synopsis of the facts to which Scott Martinson testified at his deposition. COR Clearing, LLC (“COR”) is offering excerpts from Martinson’s deposition, attached hereto, as substantive evidence pursuant to the Court’s Individual Rules and Practice, Rule 5.C.ii.

Martinson was the Chief Compliance Officer of Standard Financial Co., LLC (“First Standard”) from the fourth quarter of 2016 through January 2018. P. 15:9-24. Martinson testified that, *inter alia*, the Financial Industry Regulatory Authority (“FINRA”) did not prohibit First Standard from changing clearing firms from Hilltop Securities Inc. to COR. P. 37:7-10. To Martinson’s knowledge, no First Standard brokers threaten to quit if First Standard followed through in the clearing relationship with COR. P. 73:15-20.

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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COR CLEARING, LLC,

Plaintiff,

Case No.:

1:17-cv-02190(PAE)

-against-

FIRST STANDARD FINANCIAL CO., LLC,

Defendant.

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Oral deposition of SCOTT MARTINSON,
taken pursuant to Order, was held at the Law
Offices of Anderson Kill, P.C., 1251 Avenue of
the Americas, 42nd Floor, New York, New York
10020, commencing April 26th, 2018, at 9:57 a.m.,
on the above date, before AMBRIA IANAZZI, a Court
Reporter and Notary Public in and for the State
of New York.

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A P P E A R A N C E S:

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S T I P U L A T I O N S

IT IS HEREBY STIPULATED
AND AGREED by and between the
attorneys for the respective parties
herein; that filing, sealing, and
certification be and the same are
hereby waived.

IT IS FURTHER STIPULATED
AND AGREED that all objections,
except as to the form of the question
shall be reserved to the time of the
trial.

IT IS FURTHER STIPULATED
AND AGREED that the within deposition
may be signed and sworn to before any
officer authorized to administer an
oath, with the same force and effect
as if signed and sworn to before the
Court.

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2 S C O T T M A R T I N S O N,
3 the WITNESS herein, after having been
4 first duly sworn by a Notary Public of the
5 State of New York, was examined and
6 testified as follows:

7 EXAMINATION BY

8 MR. PAOLINO:

9 THE COURT REPORTER: State your
10 name for the record, please.

11 THE WITNESS: Scott Martinson.

12 THE COURT REPORTER: What is your
13 address?

14 THE WITNESS: 7 Nassau Avenue,
15 Glen Cove, New York 11542.

16 Q. Good morning, Mr. Martinson.

17 A. How are you?

18 Q. Good. How are you doing?

19 A. Good.

20 Q. My name is Chris Paolino, I'm
21 an attorney at Anderson Kill, P.C.,
22 Counsel for Plaintiff's COR Clearing,
23 LLC, in the matter. Have you ever been
24 deposed before?

25 A. No, I don't believe so. I

1 S. MARTINSON

2 professional licenses, registrations, or
3 certificates ever been suspended or
4 revoked?

5 A. No.

6 Q. Okay. When did you join First
7 Standard?

8 A. Beginning of November of 2015.

9 Q. And can you identify all
10 positions that you held at First Standard
11 and any changes in those positions?

12 A. Yeah, I was regional
13 supervisor.

14 Q. Okay.

15 A. And they brought me on because
16 of my experience with Brookstone. Some
17 of the brokers with First Standard were
18 under my supervision at Brookstone, so it
19 was a natural fit.

20 Then I became compliance
21 officer, in it was either November or
22 December of 2016, about a year later.

23 Q. And Chief Compliance Officer?

24 A. Chief Compliance Officer.

25 Q. Okay.

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2 A. They told me no, but I have
3 less interactivity with FINRA than a did
4 before.

5 Q. Did you experience a reduction
6 in your salary?

7 A. No.

8 Q. So, can you explain your role
9 in First Standard for -- in the context
10 of compliance over the course of your
11 time?

12 A. Yeah, it was -- we, you know,
13 the firms go through what's called a
14 cycle exam, it's like an annual audit
15 with FINRA. So, right after I took the
16 position, we started going through a
17 cycle exam almost immediately.

18 So, my activity was dealing
19 with FINRA, answering questions for them
20 via their secured firm gateway; in other
21 words, they'd give us question, we would
22 require a series of passwords to get in,
23 and then I would construct an answer, and
24 then upload it to them, and hopefully it
25 was acceptable and we could move on.

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2 So, that was a lot of my -- I
3 also helped formulate policy, like the
4 written supervisory conspiracy, and I --
5 I apologize, I don't -- I can't come up
6 with any other -- really, that's what
7 enveloped my time, but the cycle exams,
8 was the cycle exams.

9 Q. All right. And did anyone
10 assist you in the cycle exams?

11 A. Mr. McCormack, and, I guess
12 each supervisor I would be in touch with
13 to find to ask them specific questions to
14 their branches.

15 Q. All right. So, what was your
16 role in the context with AML at First
17 Standard?

18 A. Anti-money laundering is part
19 of a compliance function to make sure
20 that the brokers understand what the
21 rules are, that they take continuing ed
22 to learn the rules, if they don't know
23 it, and then I go in and check to make
24 sure that there's no questionable
25 activity; in other words, one of the big

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2 reviews, exception report reviews, things
3 like that. I'm sorry, off the top of my
4 head it's --

5 Q. That's okay. Did Mr. White
6 ever instruct you not to change clearing
7 firms?

8 A. No. There was a discussion
9 with Bill -- Bill Jakob, I'm sorry.
10 During one of the phone calls that I said
11 I was on, a conference call, and one of
12 the conference calls was with Bill Jakob.

13 Q. Okay.

14 A. And it was Mr. McCormack
15 telling them that we were thinking about
16 changing firms, changing clearing firms.

17 Q. Okay. And what did Mr. Jakob
18 say?

19 A. Well, I can't tell you
20 word-for-word, it was a long time ago.

21 Q. Sure.

22 A. But there was apprehension in
23 his voice, and he was reminding us that
24 we were in a cycle exam and to try to
25 elaborate why that would be a concern,

1 S. MARTINSON

2 all the information that they were asking
3 us for comes from a clearing firm. If we
4 sever ties with that clearing firm during
5 that, some of the information might not
6 be as easy to get.

7 Q. Did Mr. Jakob say that you
8 were prohibited from changing clearing
9 firms?

10 A. No.

11 Q. Okay. So, it was more of a
12 suggestion?

13 A. Yeah, I guess you could it
14 was -- I mean, a suggestion would be, "I
15 don't think you should," he didn't say it
16 that way. He was just, again,
17 apprehensive. He said, "it would make
18 things difficult if you changed clearing
19 firms now."

20 Q. Was that position ever
21 documented in writing?

22 A. No, it was a phone
23 conversation. And keep in mind, I was
24 not aware or made privy to most of the
25 discussions with Bill Jakob or COR.

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2 Q. -- generates?

3 A. -- I don't know the actual
4 number.

5 Q. Roughly?

6 A. It would be speculative. I
7 mean, I wouldn't even know.

8 Q. I don't want you to guess.

9 A. I mean, yeah, it would truly
10 be a guess.

11 Q. Were there any other
12 complaints from any other individuals at
13 First Standard besides Bill?

14 A. Nothing that came my way.

15 Q. Did anyone -- to your
16 knowledge, did anyone at First Standard
17 ever threaten to quit if First Standard
18 followed through in the clearing
19 relationship with COR?

20 A. No.

21 Q. Did anyone ever bring that to
22 your attention? Did anyone ever bring a
23 threat --

24 MR. LIEBERMAN: Listen to the
25 question.

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C E R T I F I C A T E

I, AMBRIA IANAZZI, a Shorthand Reporter
and Notary Public of the State of New York, do
hereby certify:

That the WITNESS whose examination is
hereinbefore set forth, was duly sworn, and
that such examination is a true record of the
testimony given by such WITNESS.

I further certify that I am not related to any
of the parties to this action by blood or
marriage; and that I am in no way interested in
the outcome of this matter.

AMBRIA IANAZZI